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14th May 2013

WWU Response to consultation on Ofgem's Governance Arrangements for the Gas Discretionary Reward Scheme under RIIO-GD1

Dear Andrew,

In reference to your consultation dated 19th April 2013, seeking views on proposed governance arrangements for the Gas Discretionary Reward Scheme (DRS), please find attached response from Wales & West Utilities (WWU). Our response is not confidential. We welcome the opportunity to comment on the scheme and have responded to the questions posed below;

1. Whether the proposed assessment approach is appropriate and whether a panel review instead of a session would be more appropriate.

We are supportive of a more robust and objective assessment approach that would include; minimum requirements, a review by an independent panel and an opportunity to meet face to face with the panel. Given that the submissions cover a number of years and a number of Outputs, we think a longer face to face session could be included. This would give the applicants and panel a better opportunity to fully discuss the benefits of the applicant submissions.

2. Whether the approach to allocating the financial reward is proportionate?

As the Discretionary Reward Scheme has matured we have seen a visible improvement in the overall process and feedback given to Networks. We think the proposed approach is proportionate. There are now clear similarities with the Stakeholder Engagement scheme and for RIIO GD2 Ofgem may want to consider including a "DRS" element within the Stakeholder engagement reward scheme. That said, we recognise there are different panels and the DRS covers a number of Output categories.

24 hour gas escape number
Rhif 24 awr os bydd nwy yn gollwng

0800 111 999*

*calls will be recorded and may be monitored
caiff galwadau eu recordio a gellir eu monitro

3. Any additional information or ideas on how the GDNs should be assessed for the purposes of this scheme.

We welcome the addition of “minimum requirements” and the process changes contained within the consultation and therefore, we do not propose any further changes at this time but we would welcome further reviews of the process after the implementation of these initial changes.

4. Any concerns or further suggestions about our proposals.

In the consultation there is mention of Ofgem providing the expert panel with a report on each of the applicant company’s application, setting out if the minimum requirements were met.

We would be grateful if this report could be made available to the relevant GDN either at the time of panel, or post submission, in order to facilitate discussion and ensure that requirements are fully met at each submission stage.

If you would like to discuss this response in any more detail, please do not hesitate to contact Danielle Royce at Danielle.royce@wwutilities.co.uk or on 07721518976.

Yours sincerely,

Danielle Royce